![eprentise logo] Accelerating the time for change in E-Business Suite

Closing and Reconciling Oracle Receivables Release 12 (and 11i)

eprentise Webinar 9/10/2013

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Webinar Mechanics

- Open and close your panel.

- View, select, and test your audio.

- Submit text questions.

- Raise your hand.

- Q&A addressed at the end of the session. Answers will be posted within two weeks on our new LinkedIn Group, EBS Answers: http://www.linkedin.com/groups/EBS-Answers-4683349/about

- Everyone will receive an email within 24 hours with a link to view a recorded version of today's session.

- Polling questions will be presented during the session. If you want CPE credit for this webinar, you must answer all of the polling questions.
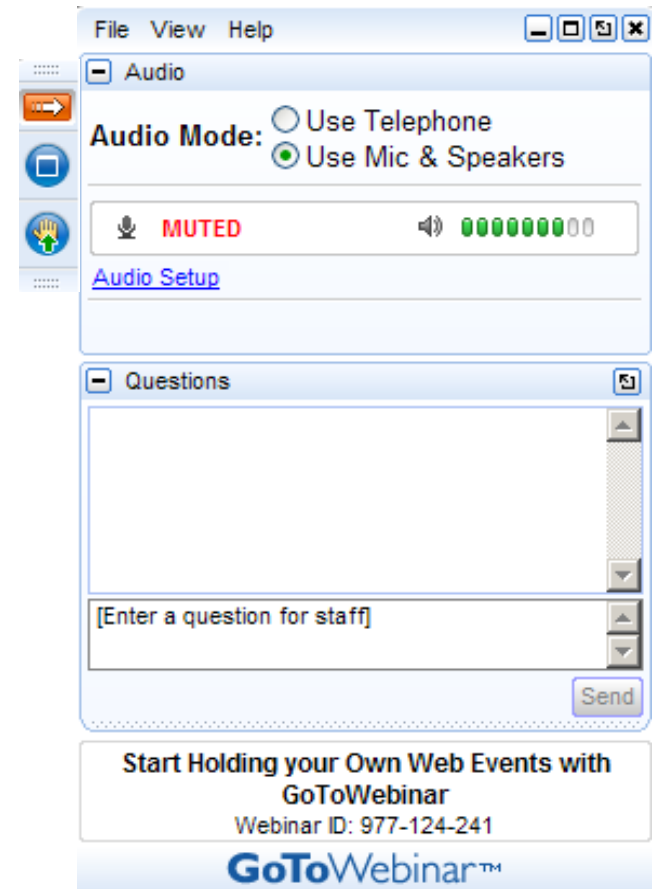
Introduction: Finished but not Done

eprentise® : Transformation Software for E-Business Suite

Company Overview: Established 2006 ● Helene Abrams, CEO

eprentise Can...

- 🐘 Consolidate Multiple EBS Instances
- 🐘 Change Underlying Structures and Configurations
    - ▪ Chart of Accounts, Other Flexfields
    - ▪ Inventory Organizations
    - ▪ Operating Groups, Legal Entities, Ledgers
    - ▪ Calendars
    - ▪ Costing Methods
- 🐘 Resolve Duplicates, Change Sequences, IDs
- 🐘 Separate Data

...So Our Customers Can:

- 🐘 Reduce Operating Costs and Increase Efficiencies
    - ▪ Shared Services
    - ▪ Data Centers
- 🐘 Adapt to Change
    - ▪ Align with New Business Initiatives
    - ▪ Mergers, Acquisitions, Divestitures
    - ▪ Pattern-Based Strategies
        - • Make ERP an Adaptive Technology
- 🐘 Avoid a Reimplementation
- 🐘 Reduce Complexity and Control Risk
- 🐘 Improve Business Continuity, Service Quality and Compliance
- 🐘 Establish Data Quality Standards and a Single Source of Truth

Agenda

- What's New In R12?
- The Close
- A Formal Close Schedule
- "Period Close" Activities to Complete In Advance
- The Actual Close
- Close Checklist
- Reconcile AR to the Aging
- Document Accounting Activity
- Reconcile AR to GL
- Reconcile Cash with Deposits
- Improve Your Close Process

About Me

- One of Original Designers of Oracle Receivables and Revenue Accounting
- Worked with 80+ Companies Implementing, Upgrading and/or Optimizing Use of Oracle Receivables
- Over Thirty Years Experience Designing, Developing, and Implementing Financial Applications
- Independent Consultant 20+ Years

Note:

- This Paper is For the Most Part Applicable for both 11i and R12
  - I Will Note When Applicable for R12 Only
- I am NOT an SLA Expert!

What's New in R12?

- Subledger Accounting (SLA)
- More Reports Especially Reconciling Reports
  - SLA Reports
  - More Accounting Detail Reports
  - Report to Reconcile AR with GL

Subledger Accounting (SLA)

Prior to SLA

Oracle Receivables	→	Oracle General Ledger

With SLA

Oracle Receivables	→	Subledger Accounting	→	Oracle General Ledger
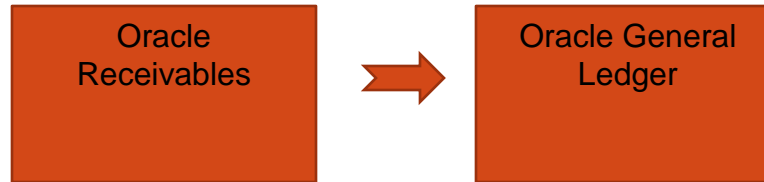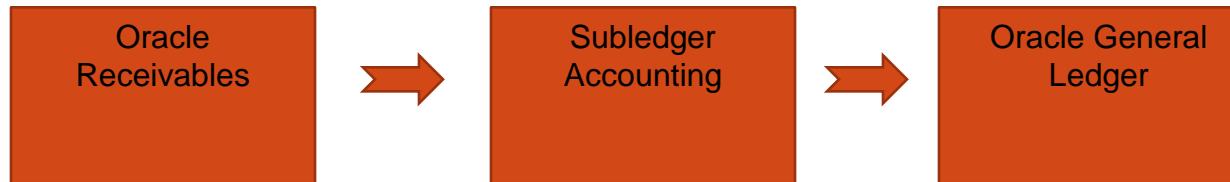
Subledger Accounting

- Greater Control Over Accounts Used
- Ability to Override Default Values
  - **But - Should You?????**
    - Then AR Not the Same as GL

Some of the
New AR Reports in R12

- AR to GL Reconciliation Report **
- Cross Currency Exchange Gain/Loss Report
- Cumulative Activity Balance Report (bug)
- Customer Open Balance Letter (bug)
- IEX: Create Dunning and Broken Promises Call Backs
- Other Receipt Applications
- Publish Actual Receipt
- Publish Receipt Forecast
- Publish Transaction Check
- Receipt Analysis – Days Late
- Reversed Notes Receivable Report
- Unapplied Receipts Journal **

** Use in Close

New SLA Reports in R12

- **Control - Requests - Run**
  - Account Analysis Report
  - Journal Entries Report
    - Old Report is Still There, Now Called: AR: Journal Entries Report
  - Subledger Period Close Exceptions Report **
  - Create Accounting (Process Accounting)

The Close

- Visibility
- Too Much to Do
- Not Enough Time
- ***STRESS!***

Relieve The Stress!

- Brevity!
- Accuracy!
- Control!

Suggestions:
- Have a Close Schedule
- Use a Close Checklist
- Create and Use Standard Reconciling Procedures

POLL QUESTION

A Formal Close Schedule

- Clear Cut-Offs / Deadlines
  - Defined In Advance
  - Consistency!
- Useful For:
  - Bank Deposits
  - Shipments
  - Inter-company Activity
  - Miscellaneous Cash
  - Other Interfaces
  - Avoiding the "Just One More Thing" Syndrome

Close Schedule Example
Where Last Day of Period is Friday

TASK	DESCRIPTION	Who	Cutoff Date/Time
1.	Final Deposit for the Period	Cash	Thursday
2.	Enter Final Miscellaneous Cash Entries	Cash	Thursday 5:00 pm
3.	Process and Correct Final Deposit (AutoLockbox)	Cash	Friday 3:00
4.	Enter Final Intercompany Entries	Cash	Friday Noon
5.	Final Interfaces from Other Applications: Order Management, Projects, Cash Management…	Cash	Saturday at Noon
6.	Run the Final AutoInvoice Process	Billing	Saturday by 7:00 pm
7.	Scheduled Run of Period End Reports	Closer	Sunday Noon

"Period Close" Activities to Complete in Advance

- Accept/Reject Adjustments
- Complete/Delete Incomplete Transactions
- Resolve AutoInvoice Rejects
- Clear Lockbox Exceptions
- Run Revenue Recognition Process
- Enter Miscellaneous Cash
- Apply Unapplied Cash
- Transfer Data to the General Ledger (11i)
- Create Accounting (R12) – Daily???

Not Necessary to:

- Make Unapplied Receipts On-Account
  - Doesn't Matter if Batch is "Closed"**!!!**
  - Double Work
  - Lose of Visibility of True Cash in Advance
- Apply all Unapplied Receipts

The Actual Close

- Complete All Interfaces
  - › AutoInvoice
  - › AutoLockbox
  - › Others....
- Enter Final Transactions
- Clear Exceptions
- Create Accounting (Final) **
  - In 11i – General Ledger Interface
- Verify Accounting Entries
- Close the Current Period
- Open the New Period
  - › *Tip: Have Only One Period Open at a Time!!*

Use a Close Checklist

- See What You Need to Do
  - And, The Sequence To Do Them
- Know What is Done
  - And, What is Left to Do

Close Checklist - Example

TASK	DESCRIPTION	Who	Cutoff Date/Time
1.	Complete the manual payments for the period (including cleanup of "Out of Balance" batches). Complete final wires too!	Cash	Friday Noon
2.	Complete the adjustments for the period.	Cash	Friday 3:00
3.	Complete the final Lockbox process and clear all rejects.	Cash	Friday 3:00
4.	Complete entry of any manual invoices, credit memos, debit memos and corrections	Cash	Friday Noon
5.	Run the final AutoInvoice process	Billing	Saturday when?
6.	Correct ALL AutoInvoice rejects and re-run until clean	Billing	Monday am as needed

And More Details

9) Run the AR:Journal Entries Report (to verify what the journal entries will look like)
Reports - Accounting (Print Accounting Reports)

Type	Single Request
Name	AR: Journal Entries Report
Reporting Level	Ledger
Reporting Context	*Applicable Ledger*
GL Date From	*Period start date e.g. 01-JUN-13*
GL Date To	*Period end date e.g.,30-JUN-13*
Posting Status	Posted and Unposted (not the default)
Print Detail by Account	*blank*
Print Detail by Category	*blank*
Print Summary by Account	Yes
Print Summary by Category	Yes

Use the defaults ("Yes") for all record types and leave the rest of the parameters blank

POLL QUESTION

Reconcile AR to the Aging

- AR Reconciliation Report (new in 11i) <u>and</u>
- Starting Aging Balance
  - Transaction Register
  - Applied Receipts Register
  - Unapplied and Unresolved Receipts Register
  - Adjustment Register
  - Invoice Exceptions Report
  - Currency Gains/Losses Report
- Ending Aging Balance

**Note: Can NOT Retroactively Run Aging With the Same Results

Reconcile AR to the Aging

				Curr1	Curr2	USD
				CO 00	CO 00	CO 00

MONTH: _____

PREPARED BY: _____

ACTIVITY	AR Reconciation Report	Transaction Reports	SOURCE	Curr1 CO 00	Curr2 CO 00	USD CO 00
Starting Balance	$0.00	$0.00	Aged Trial Balance - Old			
Invoices	$0.00	$0.00	Transaction Register	$0.00	$0.00	$0.00
Debit Memos	$0.00	$0.00	Transaction Register			$0.00
Credit Memos	$0.00	$0.00	Transaction Register			$0.00
		0.00				
			Transaction Register Subtot 0.00			
Applied Receipts	$0.00	$0.00	Applied Receipts Register	$0.00	$0.00	$0.00
			(Applied Amount Total * -1)			
Discounts Taken	$0.00	$0.00	Earned Discount *-1	$0.00		$0.00
			Unearned Discount *-1	$0.00		$0.00
			Multiply Unapplied.. by -1			
Unapplied Activity	$0.00	$0.00	Unapplied and Unresolved Receipts Registe	$0.00	$0.00	$0.00
			Unapplied Cross Currency			
			Unapplied Cross Currency (AR)			
On Account Activit	$0.00	$0.00	Unapplied and Unresolved Receipts Registe	$0.00	$0.00	$0.00
			Unidentifed			
CM Gain/Loss	$0.00	$0.00	On Account CM Gain/Loss Journal	$0.00	$0.00	$0.00
CM Applications						
Adjustments	$0.00	$0.00	Adjustments Register			$0.00
			(may be + or -)			
Items Not Aged	$0.00	$0.00	Invoice Exceptions Report	$0.00	$0.00	$0.00
TOTAL	$0.00	$0.00	0.00			
Ending Balance	$0.00	$0.00	Aged Trial Balance - New			
Difference	$0.00	$0.00	Should be 0 (Total - Ending Balance)			
			Totals:			

A Few Tips

- **AR: Journal Entries Report – Summary By Category**
  - Verify That No Illogical Entries (AR vs. Non AR by Category)
- **Transaction Register** (Split by Company and Currency)
  - Invoices, Debit Memos, Credit Memos, Commitments
  - Credit Memo Total Should be Negative
  - Watch Bottom Total in 11.5.9+ – includes ALL Currencies
- **Applied Receipts Register** –
  - Add Totals and Multiply by -1
  - Result May be Negative or Positive
  - Note that Total Does Not Include Discounts (in 11.5.9+)
  - Note: Cash Received Does Not Equal Amount Applied!
- **Adjustment Register** (Total May be Negative or Positive)
- **Invoice Exceptions Report** (= Items Not Aged - Rare)
- **Known Bugs in Numerous Reports:**
  - Including AR Reconciliation Report, Journal Entries Report, Applied Receipts Register – See Note: 1269489.1

Reconciling Items?

- Inconsistent Use of Dates
  - Always Use First Date through Last Date of Period
- Use of Wrong Sign on Spreadsheet
- Buggy Version of a Report
- Improper Entry on Spreadsheet
- More Than One AR Period Open at a Time
- Watch Currency and Company
- Non-Unique Unapplied Account?

Document Accounting Activity

- Key Accounts
  - AR, Cash, Unapplied Cash...
- What Does AR Say?
  - Ending Aging Balance
  - AR: Journal Entries Report
- What Does GL Say?
  - Account Analysis Report
- Are There Differences?
  - Why?

Reconcile AR to GL

	AR Reconciliation Report	Transaction Reports	SOURCE		Curr1 CO 00	Curr2 CO 00	USD CO 00	JE Report Names	JE Totals	USD AR Acct1	USD AR Acct2	AR Acct3	AR Acct4	USD AR Acct5	USD AR Acct6	USD Unearned Mu	USD Earned Multiple	USD Cash Acct	USD Cash Acct2	USD Cash Acct
MONTH: _____																				
PREPARED BY: _____																				
ACTIVITY			SOURCE																	
Starting Balance	$0.00	$0.00	Aged Trial Balance - Old	AR: Journal Entries Report																
Invoices	$0.00	$0.00	Transaction Register		$0.00	$0.00	$0.00	Sales Invoices (AR)	$0.00	$0.00		$0.00	$0.00	$0.00	$0.00					
Debit Memos	$0.00	$0.00	Transaction Register				$0.00	Debit Memos (AR)	$0.00	$0.00										
Credit Memos	$0.00	$0.00	Transaction Register				$0.00	Credit Memos (AR)	$0.00	$0.00										
				0.00																
			Transaction Register Subtotal	0.00																
Applied Receipts	$0.00	$0.00	Applied Receipts Register (Applied Amount Total * -1)		$0.00	$0.00	$0.00	Trade Receipts (AR)	$0.00	$0.00		0	0	0						
											Disc included in JE report but separate in Applied Receipts report								
Discounts Taken	$0.00	$0.00	Earned Discount *-1		$0.00		$0.00	Earned Discount on T	$0.00								0			
			Unearned Discount *-1		$0.00		$0.00	Unearned Discount O	$0.00							0				
			Multiply Unapplied.. by -1																	
Unapplied Activity	$0.00	$0.00	Unapplied and Unresolved Receipts Register		$0.00	$0.00	$0.00	Unapplied Trade Rece	$0.00	$0.00	$0.00									
			Unapplied Cross Currency					Unapplied Cross Curr	$15.87	$15.87										
			Unapplied Cross Currency (AR)																	
On Account Activity	$0.00	$0.00	Unapplied and Unresolved Receipts Register		$0.00	$0.00	$0.00	On Account Trade Re	$0.00	$0.00										
			Unidentifed					Unidentified Receipt	$0.00		$0.00									
CM Gain/Loss	$0.00	$0.00	On Account CM Gain/Loss Journal		$0.00	$0.00	$0.00	Credit Memo Exchange Loss												
								Credit Memo Exchange Gain												
CM Applications								CM Applications		$0.00										
Adjustments	$0.00	$0.00	Adjustments Register (may be + or -)				$0.00	Adjustment (AR)	$0.00	$0.00						0				0
Items Not Aged	$0.00	$0.00	Invoice Exceptions Report		$0.00	$0.00	$0.00		$0.00											
TOTAL	$0.00	$0.00		0.00																
Ending Balance	$0.00	$0.00	Aged Trial Balance - New																	
Difference		$0.00	Should be 0	(Total - Ending Balance)																
			Totals:							$15.87	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00			
											Cash Received							0	0	0
			Trade Receipts Cash																	

Tie AR to GL

- GL Starting Balance
- +/- Current Period Activity
- +/- Current Period Manual Journal Entries
- +/- To Date Manual Journal Entries

- Should Equal:
  - Aging by Account
  - Ending GL Balance

Differences Between AR and GL?

- Why Are There Differences?
  - Account Usage From Other Sources
  - Manual Journal Entries
  - Post To GL Not Completed Successfully (11i)
  - Create Accounting not Successful (R12)
  - Changes to Standard Accounts, e.g., Unapplied Cash
  - Improper Setups
  - Unposted Items
  - SLA Rules Change Account Values**
- Run New Report in R12 After Final Create Accounting:
  - AR to GL Reconciliation Report **

POLL QUESTION

Run New SLA Reports (R12 Only)

- **Control - Requests - Run**
  - Account Analysis Report
  - Journal Entries Report
  - Subledger Period Close Exceptions Report **
    - Note: Also Good for Checking SLA Definitions That Differ from AR Definitions

Reconcile Cash with Deposits

- May Be Included in the Process Above - or Separate
- Who Does This?
- Shared Accounts with Accounts Payable? (Cash?)
- Keep Batches Clean
- Reconcile With Bank Deposits
  - Daily! Not Just at Month End
  - Use Deposited Cash Reports (in Other Reports)
  - Utilize Cash Management?
- Have Procedures for Re-Entry of Prior Period Data
  - Sunday Date?
- Credit Card Receipts? Lag Time

Improve Your Close Process

- Resolve Inappropriate Usage of Accounts
- Isolate Accounts by Application
- Reduce Manual Journal Entries
- Suggest Process Improvements
- Get In the Habit of Pre-Doing as Much As You Can
- Create and Use a Close Schedule
- Create and Use a Close Checklist

Bugs / Patches

- **Note 1269489.1 – Period Close Procedure - Lists Known Bugs Including**:
  - BUG:7423482 - RECEIPT REGISTER AND RECEIPT JOURNAL NOT SHOWING ON ACCOUNT ACTIVITY
    BUG:7589198 - RECEIPTS REGISTER DOES NOT MATCH RECEIPTS JOURNAL
    NOTE:1055932.1 - R12: Receivables Reports - Reporting Context List of Values Is Empty
    NOTE:1069117.1 - SALES JOURNAL BY CUSTOMER REPORT FAILS WITH REP-1401
    NOTE:1106283.1 - ARSJGLARPT Sales Journal by GL Account Report (XML) Takes Several Hours to Complete
- **March 2013 – Patch 1619866 R12.AR.B.R12.1**
  - Document re the patch **1534178.1**

Good Luck! / Questions?

Cathy Cakebread
Consultant

See www.cathycakebread.com for more papers

See www.cathycakebread.com/close for updates on these procedures.

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Thank You!

Answers from this session will be posted within two weeks on our LinkedIn Group EBS Answers: http://www.linkedin.com/groups/EBS-Answers-4683349/about

- One World, One System, A Single Source of Truth -